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SOVIET UNION

1. Comment on purge of high Soviet trade official from Communist Party:

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The expulsion from the Communist Party of A. D. Krutikov, deputy minister of trade, appears to reflect upon Minister of Trade A. I. Mikoyan, one

of the six leading figures in the Soviet Union today.

Krutikov has been closely allied with Mikoyan since at least 1939 when he was deputy people's commissar of foreign trade. From this position he rose to deputy chairman of the council of ministers in July 1948. After December 1948, however, he disappeared, failing to be re-elected to the central committee in October 1952 and remaining unmentioned in the Soviet press until after Stalin's death.

Krutikov's reappointment as a deputy minister under Mikoyan,

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and the ominous mention in the article disclosing the expulsion that "unidentified persons had protected" him, calls into question Mikoyan's current status. This appears to be the case despite the fact there has been no other indication that his position may be in jeopardy.

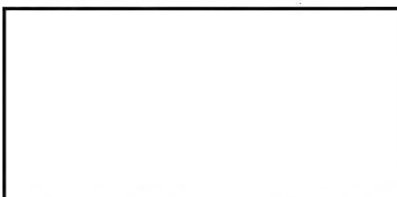
Mikoyan has been active recently in the topmost party and government circles. Along with Malenkov, Khrushchev, Molotov, and other leaders, he attended the 11 August dinner at the British embassy in honor of Mr. Attlee's visit, and there displayed the vivacity and sharpness of wit which characterize him. Since then he has been rumored on vacation in the Black Sea area with these other leaders.

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SOUTH ASIA

2. Afghanistan turns down Czech military aid offer:

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that Afghanistan recently turned down a Czech trade mission offer of military

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supplies supposedly worth \$5,000,000. The official said the price was excessive and that full payment was required in three years.

[redacted]
[redacted] the Afghans are now negotiating with a Belgian firm.

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Comment: Both Czech and Soviet negotiations regarding military supplies are apparently being confused with the Czech economic aid agreement signed on 22 August, and it is uncertain whether either Czechoslovakia or the USSR has seriously approached Afghanistan with an arms deal.

Despite the fact that Czechoslovakia supplied Afghanistan with arms before World War II, the latter now prefers to obtain the bulk of its military supplies from the West.

EASTERN EUROPE

3. Preliminary Yugoslav-Soviet trade talks unproductive:

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[redacted] Only one meeting has been held so far between the Soviet trade delegation and Yugoslav officials in Belgrade, and it accomplished nothing, according to information reaching the American embassy there. The USSR reportedly is prepared to offer 100,000 tons of wheat, and is asking in return lead, tin and copper, which the Yugoslavs have refused to supply.

Comment: The Yugoslav attitude in these negotiations, which began two weeks ago, supports Tito's public statement on 19 September that Yugoslavia would welcome any Orbit gestures toward "normalization" but that it would always receive them "with a grain of salt" and not allow them to change Yugoslavia's relations with the West.

In view of expanded Soviet domestic requirements and the poor prospects for this year's harvest, it is doubtful that the USSR will be willing to increase its offer enough to satisfy an estimated Yugoslav need for approximately 400,000 to 500,000 tons of wheat. Moreover, Yugoslavia's non-ferrous metals may be traded more advantageously with the West, either in barter deals or for hard currency. It appears, therefore, that any agreement reached will be for no more than a token exchange of goods.

4. Tito makes significant Trieste concession:

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In conversation with Under Secretary of State Murphy on 17 September, President Tito agreed in principle to a small Yugoslav concession along the western end of the proposed demarcation line between Zone A and Zone B of Trieste in exchange for a "reasonably proportionate" Italian concession on the eastern end of the line. Tito said he would have to consult his advisers about details, but that he would not ask for compensation in the Basovizza area.

Murphy sees in Tito's attitude an "unconcealed desire" to conclude a settlement of the Trieste issue.

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Tito's careful avoidance of any reference to Trieste in his speech on 19 September was a striking departure from his usual practice and was probably intended to prevent upsetting the current negotiations.

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